

TESTIMONY OF EUGENE K. PENTIMONTI, SENIOR VICE PRESIDENT  
FOR GOVERNMENT RELATIONS, MAERSK  
ON H.R. 4954, THE SAFE PORT ACT,  
BEFORE THE SUBCOMMITTEE ON ECONOMIC SECURITY,  
INFRASTRUCTURE PROTECTION, AND CYBERSECURITY  
OF THE HOMELAND SECURITY COMMITTEE,  
U.S. HOUSE OF REPRESENTATIVES  
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Mr. Chairman, my name is Gene Pentimonti, and I am Senior Vice President for Government Relations at Maersk. I appreciate the opportunity to appear before the Subcommittee this morning to discuss the very important issue of maritime security and, in particular, the Security and Accountability for Every (SAFE) Port Act.

As you may know, Maersk is one of the largest liner shipping companies in the world, serving customers all over the globe. With a fleet numbering more than 500 container vessels and about 1.4 million operated containers, we provide reliable and comprehensive ocean shipping transportation. Maersk, Incorporated is the North America agent for parent company A.P. Moller-Maersk Group's liner businesses, Maersk Line and Safmarine. The A.P. Moller-Maersk Group employs more than 70,000 people in over 125 countries.

In 1943, Maersk, Inc. was established as the general agent for A.P. Moller's liner business, Maersk Line. Here in the United States, we generate employment for approximately 12,000 Americans and we have committed to significant infrastructure investments before and since September 11, 2001.

Maersk has been actively involved in maritime security issues for many years. Our commitment to security is captured by the watch words for all our activities: "Constant Care." The security of our containers and the integrity of our transportation network are essential to our operations at Maersk. Marine transportation is a worldwide industry, and it is inherently intermodal -- a container that is unloaded at a U.S. seaport today can be almost anywhere in the nation tomorrow or within days.

For many years, cargo moved fluidly through our ports and facilities subject to prevailing regulations. But the events of September 11, 2001 changed the way we think about maritime security. Maersk Line and other carriers serving the United States today are more concerned than ever about security threats, for we know that terrorist elements might seize upon our transportation mode as an attack opportunity.

To counter the potential impact on our fellow citizens, employees, ports facilities, containers and vessels, Maersk has embarked on an even more aggressive, enterprising campaign. We have entered voluntarily into a variety of U.S. government programs and pilot projects -- for example, we were the first enterprise-wide transportation company to be validated by the Customs-Trade Partnership Against Terrorism (C-TPAT) Program. We also participate in the Super Carrier Initiative Program, one of only 27 ocean carriers worldwide permitted by U.S. Customs and Border Protection (CBP) to participate at this level. But we realize that it is not enough to make our operations within this country secure, so we have intensified our efforts to secure our international cargo network through the establishment of a comprehensive and vigorous global security policy and strategy that governs our sea and landside operations worldwide.

There is much in the SAFE Port Act that we at Maersk support and we commend you, Mr. Chairman, and other Members for working hard on maritime security.

Maersk strongly supports the concept of performing the inspection function at foreign ports -- before any container is loaded on a vessel. We recognize that there are issues involving how this requirement can be implemented, and we pledge to work cooperatively with U.S. and foreign governments to achieve this desirable result. We believe there is great promise in non-intrusive inspection and it is important that the program be developed and implemented properly.

In this regard, let me state that it is essential that sufficient funding be provided to enable CBP to carry out its responsibilities of foreign port inspections. The system requires that images from screening be reviewed by CBP and that terminal operators in foreign ports receive feedback from CBP. To accomplish this, the CBP's databases need to be updated and designed so that images can be matched in real time with information on file with CBP. Then, in cases where further inspection is required, the additional inspection can occur immediately.

Furthermore, for inspections in foreign countries to succeed, it must either be accomplished through bilateral or multilateral negotiations between the United States and countries where the requirements are imposed (with the foreign country implementing the security procedures), or we must provide incentives for foreign port operators to perform those functions.

The SAFE Port Act contains provisions appropriately addressing high-risk containers that can be identified before they reach American soil. A very significant part of the discussion about mechanisms to improve maritime security is the vessel cargo manifest. This manifest, based on long standing regulatory and commercial standards, provides a great deal of specific, useful information on all cargo that is brought into the United States. Among other items, it identifies the contents of the container or the cargo carried onboard the vessel, the identity of the shipper and consignee, the port of origin, and the destination within the United States. We concur strongly with provisions in the SAFE Port Act that enhanced manifest information is needed. It is the responsibility of shippers who possess this information to provide it and we must protect the confidentiality and integrity of the data. Of course, we also must be certain that the right kind of information is collected as ocean carriers do not have -- nor is there a need to have -- this type of information. We must also be sure that the information collected can be acted upon quickly, and that this process does not introduce an unreasonable amount of friction into the flow of global trade.

Section 8 of the SAFE Port Act addresses the issue of employee identification. As you know, the Maritime Transportation Security Act of 2002 (MTSA) mandated that the government develop and issue credentials (including biometric identifiers and background checks) for transportation workers seeking unescorted access to secure areas within transportation facilities. We support the concept of the Transportation Worker Identification Card (TWIC), and pledge to provide information to assist in improving employee identification and assist in the implementation of the TWIC program.

We are still in the process of examining thoroughly the SAFE Port Act, but please permit me to offer several general observations at this time. We will of

course continue to discuss with you specific issues that may arise through our review.

- A number of requirements are imposed by the SAFE Port Act, and they must be evaluated with an eye toward trade reciprocity, and their application to both imports and exports. We must anticipate whether our foreign trade partners will impose similar requirements, and whether it is feasible for U.S. interests to comply.
- The SAFE Port Act or any other maritime security legislation should not duplicate or conflict with other requirements of law, and not add unnecessary levels of bureaucracy. Security is already a very complicated area, and additional levels of paperwork and involvement by multiple agencies will not further the overall goal of making our marine transportation system safer.
- We support the continuation of C-TPAT, and strongly believe that the program should remain voluntary and not subject to governmental rulemaking. C-TPAT should be flexible enough to permit variations in its application to participants, and not impose a generic set of rules on all of them.
- If a program similar to GreenLane is adopted, it must provide clear, direct benefits in return for implementing high security standards. This is essential if companies are going to undertake the investment needed to become involved in the program and make the changes the program requires.
- Today, the MTSA already requires that the Department of Homeland Security (DHS) set standards for container security devices, and CBP and DHS are testing devices against these standards. We should await the outcome of these tests and determine their technological feasibility before proceeding on this matter.

Mr. Chairman, Maersk works hard to make our operations as safe as possible. This is in the national security interests of our country, our own commercial interests, and the interests of providing a safe and secure workplace environment for our employees. "Constant Care" are our watchwords, and they form the foundation of every activity we take in this regard.

We at Maersk look forward to continuing to discuss the SAFE Port Act and other security issues with you. I am happy to attempt to answer any questions you may have, and I appreciate very much the opportunity to appear before you this morning.

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